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## **Social Enterprise in Africa: An Emerging Concept in an Emerging Economy**



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### **Overview**

Africa is a misunderstood continent. Unfortunately, much of the continent's information that is available to the world is that of unfortunate leadership, conflicts, emigration, economic incompetence, health issues and more. But just like every other human, the average African is daily faced with the challenge of meeting his/her needs, and possibly using such to follow up interests within their sphere of influence. In every society, it is important to note the various roles played by stakeholders (government, the private sector, and civil society in the larger frame of its definition) in pursuing a community where human dignity is respected, and sustainable livelihoods assured. While it is important to state that Africa's present socio-economic predicament needs a lot of deliberate efforts, I will deliberately focus on the role of civil society actors in their role as the mediator between the people (grassroots) and opportunities.

This session seeks to discuss the role of the Social Enterprise paradigm in Africa – as an emerging trend in an emerging continent – and to discuss the value proposition of the idea of partnering with – or supporting – social entrepreneurs in Africa: those who are delivering value within developing economies but who are focused on people and development, rather than profit. The session will also consider possible follow-up mechanisms such as establishing a continuous bi-directional flow of knowledge and management expertise between the Social Enterprise Alliance members in North America (and beyond) and their colleagues in Africa. I hope that at the end of this session, you will have a better understanding of the Social Enterprise landscape in Africa, get updates (“facts from the field”) from Africa's social entrepreneurs, and discuss practical networking concepts and opportunities.

## Social Enterprise in Africa: An Emerging Concept in an Emerging Continent

### The African Civil Society

Africa is a continent of promises; with numerous natural resources, evident human capital, beautiful landscape and more. But the present economic condition of nations on the continent is not reflective of this fact. This is quite visible in the relationship between the citizen and the state, where many citizens are denied adequate access to basic infrastructure. In the face of this dearth in good governance, the African civil society has assumed the role of the "custodian of the people's hopes" and their possible link to better livelihood. In *Civil Society in Africa*, Emmanuel Gyimah-Boadi (1996) opined that "Among the forces that dislodged entrenched authoritarianism in Africa and brought about the beginnings of formal democracy in the early 1990s, the continent's nascent civil societies were in the forefront<sup>1</sup>."

From the civil society organisation in rural areas that provide basic services to the project in urban centers that advocate a cause, the path of the civil society in Africa often clashes with that of the state which should have been the major supporter of the civil society. In *Civil Society in Africa after Independence*, Prof. Helge Ronning (1996) wrote:

"The second phase in the history of the notion of civil society in Africa, which dates from independence in Africa, implies the birth of the deracialised state and the establishment of universal rights. The social group which was in the forefront of the pressing for these changes were the new black African middle classes, and what they demanded was entry to both the civil society and the state. And in the new African countries the state became the centre of social relations. In the post-independence period the problem around state-civil society relationships in most African countries have been centred to a large degree around the role of the rural majority..."

In this context the struggle between civil society organisations and the state often take the form of an attempt by the state to overpower non-governmental organisations [NGOs] by bringing them under government control. The pretext for the attempt to bringing NGOs into sphere of the state is often given as their financial mismanagement, the lack of control with their funds. But the reality behind the attempts are linked to a fear by government of the potential NGOs have for organising people outside the state structures, and secondly that NGOs with the change in donor policies with emphasis on building civil society institutions now receive funds which earlier would go to government projects. Thus NGOs can be seen to be in direct

<sup>1</sup> Gyimah-Boadi, Emmanuel, "Civil Society in Africa". *Journal of Democracy* - Volume 7, Number 2, April 1996, pp. 118-132. The Johns Hopkins University Press

competition with government over donor funds. And the rural projects of the NGOs may undermine the control which government has established in the rural areas."<sup>2</sup>

### The Sustainability Challenge

This state of the civil society has thrown up issues around the subject of finance and sustainability. With the government contesting for donor funding with civil society, there is then the question of who the civil society can turn to. Over the years, most non-profit projects have struggled through a first phase of executing projects, and hoping that at some point they will catch the attention of funding agencies that will listen to their request and write cheques that will pay the bills usually highlighted in their proposals. After succeeding with this phase, the usual challenge is that of ensuring that approved grants are well used in order to benefit from a second (or additional) funding opportunity.

What we have noticed is that many projects are tagged "pilot projects," and it is easier for civil society organisations to get grants for their execution in the pilot phase; but when the pilot phase is over, the issue of sustaining the projects becomes a major task. Countless laudable projects have gone the way of "pilot burials" only to be remembered by their once-beautiful website, or fliers that they produced when announcing the birth of the new project. The Lagos Digital Village, among many other efforts, have been caught asking questions about the possibility of finding alternatives to this age-long grant-seeking model that just does not work well considering the reality of *donor saturation*. A few non-governmental organisations (e.g. Junior Achievement of Nigeria<sup>3</sup>) have also devised new methods of setting up a board of directors who make annual contributions to the organisation to ensure that it focuses on program implementation and frees itself from the behemoth task of continuous fundraising.

### A New Model

Early examples of a new model came from some non-profit organisations (such as FATE Foundation<sup>4</sup>) that provide at-cost services, or charge a fee for their much-needed services, in order to ensure a continued stream of income for the organisation. The social enterprise

<sup>2</sup> Helge Ronning. "Democracy, Civil Society and the Media in Africa in the 90s." *Media and the Transition of Collective Identities*. Ed. Tore Slatta. Oslo: University of Oslo, 1996, pages 39-40. Available from

<http://www.media.uio.no/ansatte/indeksE.html>

<sup>3</sup> Junior Achievement of Nigeria is a member of the Junior Achievement Worldwide family. Website is <http://www.janigeria.org>

<sup>4</sup> Discussed further in mini case studies

model comes as an acceptable alternative to the grant-seeking model, with promises of financial sustainability and retaining the core values (and vision) of the organisation. Some civil society actors have even argued that the social enterprise model will provide freedom from grant-makers who were known to tailor the implementation of projects after certain patterns that the grant-maker considers appropriate without consultation with the implementing agency. Even when some activities bear no relation with organisational objectives, the prospect of getting grants within that sphere would attract some non-profit organisations.

This does not only raise the issue of financial sustainability, but of *vision sustainability*. If NGOs decide their course of action based on available grants, anarchy would be the closest word with which one can describe what the possible outcome will be. But with social entrepreneurship, the organisation can take charge of its financial and projected future. This model is also helping for-profit organisations find an opening to express their concern for social issues. Here, it is instructive to consider the reaction that usually follows the migration from a non-profit organisation to one that charges a fee for its services (regardless of how incomparable such is with other for-profit service providers), especially in Africa where majority of the target population that most NGOs work with live below \$2 a day.

The initial reaction is that of surprise, and general curiosity in finding out whether the concerned organisation has suddenly lost its social vision in order to pursue financial gain. But this is where organisations must be able to communicate effectively with their target population, making them understand that the cost of losing the entire project is more than the cost of paying a token to keep the project alive for the target community, and others. The organisation also needs to consider possible support mechanisms which may allow for the provision of services, but with fees paid in installments. The overall benefit of the social enterprise paradigm for African civil society actors is undeniable, and is increasingly acceptable even for non-profit organisations that considered the *mix* with suspicious minds.

### The Need for Synergy

The social enterprise paradigm will only be more effective when organisations can enjoy shared services. With the rising cost of internet access and unbearable cost of consistent power supply, the approach of shared services will be of tremendous help. *Fantsuam Foundation*<sup>5</sup> works with a rural community in the northern part of Nigeria, and they have been able to showcase the workability of the *shared services* concept by providing secondary internet services for smaller non-profit organisations, and then

<sup>5</sup> Please see [www.fantsuam.org](http://www.fantsuam.org).

sharing the total cost of access. Beyond sharing cost of access to services, social enterprises in Africa and their counterparts in the global north need to share knowledge, best practices and general information; including information about social investment opportunities.

### Presentation of Mini Case Studies

#### **FATE Foundation: Social Enterprise at Work in Africa**<sup>6</sup>

FATE Foundation is a non-profit, private sector led organization. It was created and funded by Nigerians in March 2000. Because they felt that the viable youth of Nigeria are able to directly attack the high rates of unemployment and poverty in Nigeria, Mr. Fola Adeola, the founder and chairman of FATE Foundation, led this group of Nigerians. He is also the past MD of Guaranty Trust Bank, one of the star banks in the industry, with a strong corporate and ethical culture. Others are: Mr. Asue Ighodalo, Mr. Gbolade Osibodu, Mr. Chima Onyekwere, Chief (Mrs.) Taiwo Taiwo, Mr. Tayo Aderinokun, Dr. Gabi Williams, Mr. Faysal El-Khalil, Mr. Bayo Adeola, Mr. Bode Augusto, Mrs. Kathryn Hoomkwap, Mrs. Bunmi Lawson, Ms. Tutu Sholeye, Ms. Ifueko Omogui, Mrs. Stella Okoli (MON), and Mrs. Ndidi Nwuneli.

The impetus behind FATE stemmed from a strong concern for the high levels of unemployment and poverty in the country. FATE is committed to assisting Nigerian youth to establish and grow successful businesses by equipping them with the tools, skills, networks and financing required for this task. Indeed, FATE's mission is to foster wealth creation by promoting Business and Entrepreneurial development among Nigerian Youths. The vision behind this is to foster the growth and establishment of over 1,000 businesses by 2005 and 5,000 businesses by 2015. These businesses will lead to the creation of employment for at least 50,000 Nigerians by 2015.

**In line with FATE's mission, it provides four (4) core services:**

**FATE Aspiring Entrepreneurs Programme:** This programme offers a 4-month school of entrepreneurship, a mentoring programme, a consulting service, a computer centre, a business library and an internship programme. Target participants of aspiring entrepreneurs are those who are between the ages of 22 and 40 years and have obtained first degrees. Concession is however available for those who do not meet the above require-

<sup>6</sup> Entire text, used with permission of FATE Foundation. Culled from the World Wide Web at <http://www.fatefoundation.org/about/about.htm>. Last visited February 26, 2006.

ments, but have demonstrated potential to achieve success in business!

**FATE Emerging Entrepreneurs Programme:** This programme provides six months of bi-weekly workshops covering a wide range of business topics designed to address the specific needs of entrepreneurs in the Nigerian marketplace. It aims to provide emerging entrepreneurs with practical skills needed to ensure sustainable growth of their businesses, referrals for bank loans, access to venture capitalists and angel investors, networking sessions and other ancillary services.

**FATE Enterprise Promotion Services:** It is composed of FATE's monthly business workshops, and FATE's Capacity Building Service. It aims to equip the general public with business skills and networks.

**FATE Alumni Business Support Services:** FATE follows and monitors the fortunes of its Alumni, who have access to FATE consulting services where advice and business solutions are offered on how best to run their businesses. Alumni also have access to the FATE business library and computer centre.

Since FATE's inception, it has worked and continues to work with global corporations, institutions, and organizations. It has along with these, also received tremendous support from public-spirited individuals. In addition, the visionary board of directors has focused time, energy and resources towards the continuous growth and development of FATE. These all, have contributed immensely to FATE's success through their steadfast and tireless support and possess a worthy share of the impact and acclaim that FATE has achieved thus far.

### **Ashoka Nigeria: The Story of a Social Investor**

Each year, Ashoka elects over one hundred (100) Fellows worldwide. Ashoka launched its Nigeria programme in 1991 (and had a relaunch in 2000) and this has added forty three (43) social entrepreneurs to the Ashoka Fellowship. On Ashoka's website<sup>7</sup>, it clearly states that, "... Like their counterparts elsewhere in the world, Nigerian Ashoka Fellows are social entrepreneurs whose innovative ideas for solving problems facing their communities have achieved national and even regional impact in a wide variety of fields, including education, health, the environment, and human rights. As they confront social problems in urban and rural areas throughout Nigeria, Ashoka Fellows are also working together as a Fellowship to collaborate and share experiences. Ashoka Fellows prove every day that the

<sup>7</sup> <http://www.ashoka.org/nigeria/aboutus/about.cfm>

most powerful force for change in the world is a new idea in the hands of a leading social entrepreneur".

Ashoka refers to the job of a social entrepreneur as that of recognizing "... when a part of society is stuck and to provide new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution and persuading entire societies to take new leaps. Social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry<sup>8</sup>". An example of an Ashoka Fellow is Veronica Khosa. "Veronica ... was frustrated with the system of health care in South Africa. A nurse by trade she saw sick people getting sicker, elderly people unable to get to a doctor and hospitals with empty beds that would not admit patients with HIV. So Veronica started Tateni Home Care Nursing Services and instituted the concept of *home care* in her country. Beginning with practically nothing, her team took to the streets providing care to people in a way they had never received it — in the comfort and security of their homes. Just years later, the government had adopted her plan and through the recognition of leading health organizations the idea is spreading beyond South Africa. Social entrepreneurs like Veronica redefine their field and go on to solve systemic social problems on a larger scale<sup>9</sup>".

### **In Transition: From Grant-seeking Digital Village to Sustainable Social Enterprise**

The Lagos Digital Village (LDV) could not have come at a better time. With increasing demand for qualitative mainstream and supplementary Information Technology education, over one thousand five hundred (1,500) young people have applied for training at the center in less than two years of operations. With its expertise in introductory teaching and mentorship integration, LDV offers multi-step courses which include First Steps (Computer Appreciation), Intricate Details (How to Build and Maintain a Computer), Work Better (Office Productivity Tools) and Great Leap (Introduction to the Internet and the World Wide Web). The center's transparent admission process, though tested in the muddy waters of "political influence", has come to be accepted as the norm in a working society — where merit is respected above "who you know". The LDV is a multi-stakeholder partnership project between Junior Achievement of Nigeria, Lagos State Government and Microsoft.

In the course of its operations, the center has however had challenges ranging from power supply (owing to epileptic power supply by the national utility company and

<sup>8</sup> What is a Social Entrepreneur? Retrieved from the World Wide Web, [http://www.ashoka.org/fellows/social\\_entrepreneur.cfm](http://www.ashoka.org/fellows/social_entrepreneur.cfm), on November 24, 2005

<sup>9</sup> *ibid*

the ever-increasing cost of diesel<sup>10</sup>) to internet access (largely due to the inability to meet the cost of stable internet services). Additional efforts at fundraising have been met with little success, with majority of the proposed grant-making companies considering the fact that the project bears a recognized brand name. In the course of discussing and researching into the sustainability of the LDV, the program manager discovered that other similar telecenter projects were experiencing the same. This led to the discovery of the Social Enterprise model that could both ensure sustainability and meet the financial needs of the Digital Village project. The Lagos Digital Village is now in transition, while it is considering the need to replicate its model in other areas where demand for services is very high.

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<sup>10</sup> The center's 60KVA electrical power generator consumes 50 liters of diesel per day. The weekly cost of diesel for consistent power supply is put at \$156, but does not include the compulsory payment to the utility company even in the face of its epileptic services